
***SOUTHEAST MISSOURI
STATE UNIVERSITY***
FINANCIAL STATEMENTS
JUNE 30, 2025



SOUTHEAST MISSOURI
STATE UNIVERSITY • 1873

Contents

Page

Independent Auditors' Report..... 1 - 3

Management's Discussion And Analysis 4 - 11

Financial Statements

Statement Of Net Position - University..... 12 - 13

Statement Of Financial Position - Foundation14

Statement Of Revenues, Expenses And
Changes In Net Position - University.....15

Statement Of Activities - Foundation..... 16 - 17

Statement Of Cash Flows - University 18 - 19

Notes To Financial Statements..... 20 - 67

Required Supplementary Information

Schedules Of Selected Pension Information..... 68 - 69

Schedule Of Selected Postemployment
Healthcare Plan Information70

Independent Auditors' Report

Board of Governors
Southeast Missouri State University
Cape Girardeau, Missouri

Report On The Audit Of The Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Southeast Missouri State University, (the University), a component unit of the State of Missouri, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of the University as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Selected Pension Information and the Schedule of Selected Postemployment Healthcare Plan Information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

RubinBrown LLP

November 24, 2025

SOUTHEAST MISSOURI STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Southeast Missouri State University's (the University) basic financial statements provides a comparative overview of the University's financial performance during the years ended June 30, 2025, 2024 and 2023. The Management's Discussion and Analysis is designed to focus on current activities and resulting changes, and should be read in conjunction with the University's basic financial statements and footnotes.

Using This Report

This report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities*. These basic financial statements focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole.

The Statement of Net Position includes the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. It is prepared under the accrual basis of accounting, whereby assets are recognized when the service is provided and liabilities are recognized when others provide the service, regardless of when cash is exchanged. The University's net position (the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources) is one indicator of the University's financial health. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the conditions of facilities.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as operating, nonoperating or other. All things being equal, a public University's dependency on state appropriations and gifts will result in operating deficits. That is because the financial reporting model prescribed by GASB No. 34 classifies state appropriations and gifts as nonoperating revenues. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the basic financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The Statement of Cash Flows presents the University's flows of cash. The primary purpose of the Statement of Cash Flows is to provide information about the University's cash receipts and payments summarized by operating, capital and related financing, noncapital financing and investing activities.

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis *(Continued)*

Financial Analysis Of The University

The following table reflects the Net Position of the University as of June 30:

Condensed Statement Of Net Position As Of June 30, 2025, 2024 And 2023

	2025	2024	2023
Current Assets	\$ 132,467,452	\$ 144,511,320	\$ 108,730,749
Noncurrent Assets			
Capital assets, net of depreciation and amortization	391,147,046	398,887,638	403,112,587
Other	19,426,759	8,852,318	27,418,364
Total Assets	543,041,257	552,251,276	539,261,700
Deferred Outflows Of Resources	34,189,637	35,594,337	30,943,415
Current Liabilities	30,635,683	30,196,686	29,404,581
Noncurrent Liabilities	289,571,101	298,929,430	308,503,970
Total Liabilities	320,206,784	329,126,116	337,908,551
Deferred Inflows Of Resources	7,860,990	10,818,940	2,839,985
Net Position			
Net investment in capital assets	244,364,044	241,671,339	239,270,842
Restricted	3,819,505	3,508,322	3,702,220
Unrestricted	979,571	2,720,896	(13,516,483)
Total Net Position	\$ 249,163,120	\$ 247,900,557	\$ 229,456,579

The University's current assets consist primarily of cash and cash equivalents, short-term investments, accounts and other receivables, and inventories. Current assets totaled \$132.5 million, \$144.5 million, and \$108.7 million at June 30, 2025, 2024 and 2023, respectively. The decrease in current assets in the most recent year is primarily reflective of the purchase of noncurrent investments.

Noncurrent assets are comprised primarily of capital assets (net of accumulated depreciation and amortization) and long-term investments. Non-depreciable capital assets increased \$3.9 million from \$12.5 million at June 30, 2024 to \$16.4 million at June 30, 2025 due to an increase in construction in progress assets in the year ended June 30, 2025. This increase was offset by a decrease in capital assets net of depreciation related to normal depreciation and amortization expense exceeding assets placed in service. In total, noncurrent assets increased from \$407.7 million at June 30, 2024 to \$410.6 million at June 30, 2025 after decreasing from \$430.5 million at June 30, 2023. These changes are further detailed in Note 6.

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

Long-term investments have increased from \$5.7 million at June 30, 2024 to \$16.1 million at June 30, 2025 due to purchase of additional long-term investments. Long-term investments decreased in the year ending June 30, 2024 from the balance at June 30, 2023 of \$24.4 million due to the maturity of long-term investments.

Deferred outflows of resources include deferred amounts related to refunding on bonds payable, postretirement employee benefits, employee pension plan, and pension contributions. Per GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*, deferred outflows related to debt refundings were \$5.2 million, \$5.9 million, and \$6.7 million, at June 30, 2025, 2024, and 2023, respectively. Per GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, deferred outflows were \$28.9 million, \$29.5 million and \$24.1 million at June 30, 2025, 2024 and 2023, respectively, for amounts related to pension plan and pension plan contributions.

The University's current liabilities consist of accounts payable, accrued compensation, accrued claims payable, and bond interest payable. Current liabilities also consist of the current (payable within one year) portion of unearned income, bonds payable, and notes payable. Current liabilities totaled \$30.6 million, \$30.2 million, and \$29.4 million at June 30, 2025, 2024 and 2023, respectively.

Noncurrent liabilities consist primarily of long-term debt, pension and other postretirement employee benefits (OPEB) liabilities, and unearned income, and totaled \$289.6 million, \$298.9 million, and \$308.5 million at June 30, 2025, 2024 and 2023, respectively. Detailed activity for long-term bond debt can be found in Note 8. The liabilities for pension and OPEB have been adjusted based on actuarial valuations as required under GASB Statement Nos. 68 and 75. Long-term unearned income is comprised primarily of advances from Chartwells, the University's contracted food service provider, for capital investments that are being amortized through 2036. Follett, the University's contracted bookstore provider, also provided a modest capital investment in 2023. Unearned income included in noncurrent liabilities includes MOExcels grant funding of approximately \$5.5 million at June 30, 2025 and 2024 to help fund costs of future construction and equipment purchases.

As required by GASB Statement Nos. 68 and 71, deferred inflows related to pension plans were \$6.0 million, \$8.7 million, and \$1.5 million at June 30, 2025, 2024 and 2023, respectively.

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

The University's net position, which represents the residual interest in the University's assets after liabilities are deducted, increased from \$247.9 at June 30, 2024 to \$249.2 million at June 30, 2025.

	2025	2024	2023
Net Position:			
Net investment in capital assets	\$ 244,364,044	\$ 241,671,339	\$ 239,270,842
Restricted:			
Nonexpendable	2,550,179	2,328,472	2,091,017
Expendable	1,269,326	1,179,850	1,611,203
Total Restricted	248,183,549	245,179,661	242,973,062
Unrestricted:			
Net position related to pension and OPEB plans	(121,057,552)	(121,198,188)	(127,040,195)
All other operations of the University	122,037,123	123,919,084	113,523,712
Total Unrestricted	979,571	2,720,896	(13,516,483)
Total Net Position	\$ 249,163,120	\$ 247,900,557	\$ 229,456,579

Net position invested in capital assets represents the University capital assets (net of accumulated depreciation and amortization) less any outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets increased \$2.7 million from \$241.7 million at June 30, 2024 to \$244.4 million at June 30, 2025. This increase is in part due to the changes discussed in Note 6.

Restricted net position includes the University's permanent endowment, which is managed by the Southeast Missouri University Foundation, funds held for loan operations, and funds restricted for grants and scholarships.

The University's unrestricted net position consists of amounts related to the pension plan since the implementation of GASB Statement No. 68 and 71 and the OPEB plan since the implementation of GASB Statement No. 75. The total unrestricted net position associated with the pension plan and OPEB plan is negative and totaled \$121.1 million, \$121.2 million, and \$127.0 million at June 30, 2025, 2024, and 2023, respectively. The remaining unrestricted net position decreased \$1.9 million from the positive amount of \$123.9 million at June 30, 2024 to \$122.0 million at June 30, 2025. The remaining unrestricted net position increased \$10.4 million in the year ended June 30, 2024 from the amount of \$113.5 million at June 30, 2023.

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis *(Continued)*

The following schedule reflects the condensed revenues and expenses of the University for fiscal years 2025, 2024 and 2023:

Condensed Statements Of Revenues, Expenses And Changes In Net Position

	2025	2024	2023
Operating Revenues:			
Student tuition and fees, net of scholarship allowance	\$ 49,916,979	\$ 53,064,189	\$ 52,494,785
Grants and contracts	10,172,405	11,129,005	14,755,873
Auxiliary services	24,187,032	25,095,388	27,015,401
Other operating revenues	13,688,775	14,673,374	13,226,474
Total Operating Revenues	<u>97,965,191</u>	<u>103,961,956</u>	<u>107,492,533</u>
Operating Expenses:			
Personnel services	99,066,149	87,297,107	92,836,778
Utilities and supplies	46,972,041	48,985,184	45,322,792
Scholarships	10,327,578	9,496,420	9,527,936
Depreciation and amortization	19,878,250	20,350,937	21,193,713
Other post-employment benefits (OPEB) expense (income)	(93,226)	(56,397)	48,425
Total Operating Expenses	<u>176,150,792</u>	<u>166,073,251</u>	<u>168,929,644</u>
Operating Loss	<u>(78,185,601)</u>	<u>(62,111,295)</u>	<u>(61,437,111)</u>
Nonoperating Revenues (Expenses)			
State appropriations	54,080,410	52,605,747	49,857,654
Federal grants - restricted	16,773,148	14,370,197	13,290,309
Emergency COVID-19 governmental assistance	—	5,415,032	1,636,331
Investment income	6,236,572	6,050,902	2,788,715
Gifts	2,925,499	1,799,963	1,767,160
Nonoperating expenses	(4,994,426)	(6,582,237)	(4,949,359)
Net Nonoperating Revenues	<u>75,021,203</u>	<u>73,659,604</u>	<u>64,390,810</u>
Other Revenues	<u>4,426,961</u>	<u>6,895,669</u>	<u>14,204,154</u>
Increase In Net Position	<u>1,262,563</u>	<u>18,443,978</u>	<u>17,157,853</u>
Net Position - Beginning Of Year	<u>247,900,557</u>	<u>229,456,579</u>	<u>212,298,726</u>
Net Position - End Of Year	<u>\$ 249,163,120</u>	<u>\$ 247,900,557</u>	<u>\$ 229,456,579</u>

Operating revenues for the University totaled \$98.0 million, \$104.0 million, and \$107.5 million for the years ended June 30, 2025, 2024 and 2023, respectively. The most significant sources of operating revenue for the University are student tuition and fees, auxiliary services, and grants and contracts. Student tuition and fees, net of scholarship allowance, has decreased by \$3.1 million from fiscal year 2024 to 2025 impacted by declining enrollment. Declining enrollments also impact Auxiliary Services, which have all seen a decline in revenue.

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

The University's operating expenses totaled \$176.2 million, \$166.1 million, and \$168.9 million for the years ended June 30, 2025, 2024 and 2023, respectively, the vast majority of which consists of personnel services, supplies and other services, and depreciation and amortization. The University has experienced operating losses of \$78.2 million, \$62.1 million, and \$61.4 million for the fiscal years ended June 30, 2025, 2024 and 2023, respectively.

Personnel services costs increased by \$11.8 million to \$99.1 million from 2024 to 2025. The increase is primarily attributable to an increase in the MOSERS pension expense which increased \$6.7 million plus an increase in \$3.0 million in health insurance claims. The MOSERS pension expense is an area that will continue to put pressure on the University going forward. Along with the constant pressure to raise wages for student employees and employees on the lower end of the University's earnings scale, which would create equity issues across each successively higher pay level, the environment for recruiting and retaining staff and faculty has become highly competitive. In addition, the employer contribution to the Missouri State Employees Retirement System (MOSERS), which covers all staff and some faculty, has increased from 27.26% of salaries and wages in fiscal 2024 to 28.75% in fiscal 2025. Annual increases will continue through at least fiscal year 2027, at which time the employer contribution is projected to be 32%. The employer contribution rate for MOSERS is 30.25% for fiscal 2026.

Utilities and supplies decreased by \$2.0 million in 2025 to \$47.0 million. This decrease was driven in part by the capitalization of architectural and design services related to specific ongoing projects in the year ended June 30, 2025 whereas approximately \$1.5 million of architectural and design services fees were expensed in the year ended June 30, 2024.

Non-operating revenues and expenses totaled \$75.0 million, \$73.7 million, and \$64.4 million for the years ended June 30, 2025, 2024 and 2023, respectively. Although state appropriations are a significant source of revenue for the University, they ceased to be the largest source of revenue in fiscal year 2007 until fiscal 2025. State appropriations as measured in nominal dollars are historically volatile. State appropriations continue to increase, although the rate of increase has declined. Appropriations increased by 5.5% from fiscal year 2023 to fiscal year 2024 but only increased 2.8% from fiscal year 2024 to fiscal year 2025. The University also received an increase in federal grants – restricted due to an increase in Pell grants related to more students being eligible for Pell grants due to the FAFSA Simplification Act impacts in fiscal 2025.

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

Bonds And Notes Payable

The University had outstanding bonds of approximately \$137.1 million, \$145.5 million, and \$152.9 million at June 30, 2025, 2024 and 2023, respectively. During all fiscal years, the University made all regularly scheduled debt service payments. More detailed information may be found in Note 8.

The University had outstanding notes payable of approximately \$163,000, \$290,000, and \$413,000 at June 30, 2025, 2024 and 2023, respectively. No new notes were issued in 2025. More detailed information may be found in Note 9.

Capital Assets

At June 30, 2025, 2024 and 2023, the University's investment in capital assets was as follows:

	2025	2024	2023
Land	\$ 4,334,317	\$ 4,212,638	\$ 4,212,638
Buildings and improvements	521,765,914	515,279,155	494,363,125
Leasehold improvements	14,891,769	14,891,769	14,891,769
Infrastructure	44,413,188	44,263,679	39,480,149
Equipment	38,034,100	38,943,958	39,835,341
Library books	21,979,016	21,961,154	21,930,974
Construction in progress	8,727,525	4,925,278	19,550,020
Right to use assets	13,909,271	18,107,548	12,451,289
	<u>668,055,100</u>	<u>662,585,179</u>	<u>646,715,305</u>
Less: Accumulated depreciation and amortization	<u>276,908,054</u>	<u>263,697,541</u>	<u>243,602,718</u>
	<u>\$ 391,147,046</u>	<u>\$ 398,887,638</u>	<u>\$ 403,112,587</u>

In addition, at June 30, 2025, the University had initiated plans and incurred certain contractual commitments related to the construction of various facilities. The first project is estimated at \$28.5 million for the Health Sciences Building funded by state appropriations of \$18.5 million and \$10 million of federal funding, of which \$1.7 million was recognized in fiscal 2025. The University has remaining encumbrances for the Multi-Purpose Facility project of \$1.1 million which is only in its infancy of development. Thus far the only expenses and encumbrances are for the architecture and design fees and all surveys and testing fees. These expenses have been covered with private funds provided by the Southeast University Foundation and the City of Cape Girardeau. The University has also initiated plans and incurred certain contractual commitments for the improvements of the Wildwood facility totaling \$2.0 million.

SOUTHEAST MISSOURI STATE UNIVERSITY

Management's Discussion And Analysis (*Continued*)

Economic Outlook

Southeast Missouri State University is the only four-year, public university located in the southeast portion of Missouri between St. Louis and the Arkansas border. Declining traditional-age college prospects, increased competition, and growing concerns about the affordability and value of a college education have led to years of declining enrollments at Southeast, as they have at nearly all colleges and universities throughout the state and across the country. The University has not yet had to make some of the difficult decisions that so many others have but must stand ready to do so if necessary to ensure that the institution remains the academically vibrant and powerful engine of economic development that is so critically needed by the southeast Missouri region, the State, and beyond.

Contacting The University's Financial Management

This financial report is designed to provide a general overview of the University's finances and to show the University's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Vice President for Finance and Administration, One University Plaza, MS 3000, Cape Girardeau, MO 63701.

SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENT OF NET POSITION

Page 1 Of 2

	June 30,	
	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 106,791,172	\$ 101,997,981
Restricted cash and cash equivalents	1,551,751	1,301,905
Short-term investments	6,012,989	20,642,613
Accrued interest receivable	342,087	287,678
Due from component unit - Foundation	1,013,450	1,127,446
Accounts receivable (net of allowance of \$869,979 in 2025 and \$941,461 in 2024)	4,116,223	5,487,055
Notes receivable	153,031	323,583
Lease receivable	138,560	155,041
Due from federal government	5,096,117	7,543,519
Inventory	4,382,658	4,571,551
Prepaid expenses	2,869,414	1,072,948
Total Current Assets	132,467,452	144,511,320
Noncurrent Assets		
Investments	16,125,221	5,748,768
Due from component unit - Foundation	2,550,182	2,328,470
Notes receivable (net of allowance of \$421,237 and \$452,869 in 2025 and 2024, respectively)	413,009	445,490
Lease receivable	338,347	329,590
Capital assets - non-depreciable	16,399,542	12,475,616
Capital assets, net - depreciable	367,534,709	377,288,057
Right to use assets, net	7,212,795	9,123,965
Total Noncurrent Assets	410,573,805	407,739,956
Total Assets	543,041,257	552,251,276
Deferred Outflows Of Resources		
Deferred amounts on refunding of bonds payable	5,237,916	5,932,448
Deferred amounts related to other postretirement employee benefit plan	91,795	128,368
Deferred amounts related to pension plan	16,160,432	17,957,157
Deferred amounts related to pension contributions	12,699,494	11,576,364
Total Deferred Outflows Of Resources	34,189,637	35,594,337

SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENT OF NET POSITION

Page 2 Of 2

	June 30,	
	2025	2024
Liabilities		
Current Liabilities		
Accounts payable	\$ 5,826,753	\$ 6,617,535
Accrued compensation	7,794,020	7,877,430
Accrued claims liability	1,223,512	731,694
Bond interest payable	1,239,270	1,322,277
Funds held for others	878,270	77,324
Unearned income	4,134,207	3,898,831
Current portion of due to federal government	169,419	286,299
Current portion of bonds payable	7,435,000	7,110,000
Current portion of notes payable	28,834	127,260
Current portion of lease payable	918,577	1,074,379
Current portion of subscription liability	816,065	948,657
Current portion of other postretirement benefit liability	171,756	125,000
Total Current Liabilities	30,635,683	30,196,686
Noncurrent Liabilities		
Due to federal government	608,754	605,521
Bonds payable	129,650,715	138,403,565
Notes payable	133,699	162,534
Lease payable	3,826,203	4,697,038
Subscription liability	1,688,911	2,308,426
Unearned income	11,217,030	12,356,987
Other postretirement employee benefit liability	3,157,128	3,071,826
Net pension liability	139,288,661	137,323,533
Total Noncurrent Liabilities	289,571,101	298,929,430
Total Liabilities	320,206,784	329,126,116
Deferred Inflows Of Resources		
Deferred amounts related to other postretirement employee benefit plan	1,384,194	1,646,051
Deferred amounts related to pension plan	6,007,534	8,693,667
Deferred amounts on lease revenues	469,262	479,222
Total Deferred Inflows Of Resources	7,860,990	10,818,940
Net Position		
Net investment in capital assets	244,364,044	241,671,339
Restricted for:		
Nonexpendable -		
Scholarships	2,550,179	2,328,472
Expendable -		
Grants and scholarships	1,056,511	967,035
Loans	212,815	212,815
Unrestricted	979,571	2,720,896
Total Net Position	\$ 249,163,120	\$ 247,900,557

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION
(A Component Unit of Southeast Missouri State University)

STATEMENT OF FINANCIAL POSITION

	June 30,	
	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,000,671	\$ 2,888,166
Current investments	4,765,414	7,978,459
Receivables:		
Pledges receivable (net of allowance of \$42,302 and \$51,758 in 2025 and 2024, respectively)	343,818	398,816
Notes receivable	—	343,577
Accrued interest receivable	115,027	126,125
Lease receivable	28,279	43,988
Prepaid expenses	62,650	—
Total Current Assets	13,315,859	11,779,131
Noncurrent Assets		
Investments:		
Endowment investments	141,533,154	132,855,130
Cash surrender value of life insurance	844,097	804,446
Pledges receivable (net of allowance of \$30,483 and \$24,003 in 2025 and 2024, respectively)	247,761	184,951
Property held for resale and development	1,250,838	1,250,838
Property and equipment, net of accumulated depreciation	9,506,883	9,839,397
Total Noncurrent Assets	153,382,733	144,934,762
Total Assets	\$ 166,698,592	\$ 156,713,893
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 69,197	\$ 39,390
Due to primary institution - University	1,013,450	1,127,446
Funds held for others	65,891	55,238
Annuity obligations	174,265	168,509
Total Current Liabilities	1,322,803	1,390,583
Noncurrent Liabilities		
Annuity obligations	819,389	897,342
Due to primary institution - University	2,550,182	2,328,470
Total Noncurrent Liabilities	3,369,571	3,225,812
Total Liabilities	4,692,374	4,616,395
Net Assets		
Without donor restriction	25,479,381	19,203,043
With donor restriction	136,526,837	132,894,455
Total Net Assets	162,006,218	152,097,498
Total Liabilities And Net Assets	\$ 166,698,592	\$ 156,713,893

SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	For The Years Ended June 30,	
	2025	2024
Operating Revenues		
Student tuition and fees (net of scholarship allowance of \$28,058,526 in 2025 and \$26,042,719 in 2024)	\$ 49,916,979	\$ 53,064,189
Federal grants - restricted	2,322,222	2,679,720
State grants and contracts - restricted	7,363,038	7,821,258
Nongovernmental grants and contracts - restricted	487,145	628,027
Sales and services of educational departments	3,295,880	4,002,281
Auxiliary enterprises:		
Residence life (net of scholarship allowance of \$3,212,767 in 2025 and \$3,069,210 in 2024; revenues are used as security for revenue bonds Series 2016A, 2016B, 2016C, and 2020)	18,788,839	18,334,867
Other auxiliary (revenues are used as security for revenue bonds Series 2016A, 2016B, 2016C and 2020)	5,398,193	6,760,521
Other operating revenues	10,392,895	10,671,093
Total Operating Revenues	97,965,191	103,961,956
Operating Expenses		
Personnel services	99,066,149	87,297,107
Scholarships	10,327,578	9,496,420
Utilities	5,486,269	5,131,562
Supplies and other services	41,476,672	43,844,622
Depreciation and amortization	19,878,250	20,350,937
Other post-employment benefit (OPEB) income	(93,226)	(56,397)
Other lease related expenses	9,100	9,000
Total Operating Expenses	176,150,792	166,073,251
Operating Loss	(78,185,601)	(62,111,295)
Nonoperating Revenues (Expenses)		
State appropriations	54,080,410	52,605,747
Federal grants - restricted	16,773,148	14,370,197
Emergency COVID-19 governmental assistance	—	5,415,032
Investment income	6,236,572	6,050,902
Contributions and gifts	2,925,499	1,799,963
Interest on capital asset-related debt	(4,806,004)	(5,066,522)
Loss on disposal of plant facilities	(179,230)	(116,945)
Other nonoperating expense	(9,192)	(1,398,770)
Net Nonoperating Revenues	75,021,203	73,659,604
Income Before Other Revenues, Expenses And Gains	(3,164,398)	11,548,309
Other Revenues, Expenses, and Gains		
State capital appropriations	743,769	1,718,265
Federal grants - capital	2,145,388	—
Capital grants and gifts	1,537,804	5,177,404
Total Other Revenues, Expenses And Gains	4,426,961	6,895,669
Change In Net Position	1,262,563	18,443,978
Net Position - Beginning Of Year	247,900,557	229,456,579
Net Position - End Of Year	\$ 249,163,120	\$ 247,900,557

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION
(A Component Unit of Southeast Missouri State University)

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Totals
Support And Revenue			
Contributions of cash and other financial assets, net of discount	\$ 113,432	\$ 4,022,188	\$ 4,135,620
Contributions of nonfinancial assets	—	124,254	124,254
Investment return	3,064,956	11,135,863	14,200,819
Lease income	155,515	—	155,515
Special events, net of expense	—	66,145	66,145
Loss on annuity and trust obligations	—	(112,280)	(112,280)
Other revenues and transfers	34	549,937	549,971
Net assets released from restrictions	12,153,725	(12,153,725)	—
Total Support And Revenue	15,487,662	3,632,382	19,120,044
Expenses And Losses			
Program expenses	7,221,974	—	7,221,974
Management and general	1,427,915	—	1,427,915
Fundraising	561,435	—	561,435
Total Expenses And Losses	9,211,324	—	9,211,324
Change In Net Assets	6,276,338	3,632,382	9,908,720
Net Assets - Beginning Of Year	19,203,043	132,894,455	152,097,498
Net Assets - End Of Year	\$ 25,479,381	\$ 136,526,837	\$ 162,006,218

SOUTHEAST MISSOURI UNIVERSITY FOUNDATION
(A Component Unit of Southeast Missouri State University)

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
Support And Revenue			
Contributions, of cash and other financial assets, net of discount	\$ 567,939	\$ 9,307,812	\$ 9,875,751
Contributions of nonfinancial assets	500	207,495	207,995
Investment return	3,400,088	10,525,886	13,925,974
Lease income	136,212	23,006	159,218
Special events, net of expense	5,000	—	5,000
Loss on annuity and trust obligations	—	(169,301)	(169,301)
Other revenues and transfers	45,090	446,694	491,784
Net assets released from restrictions	6,817,276	(6,817,276)	—
Total Support And Revenue	10,972,105	13,524,316	24,496,421
Expenses And Losses			
Program expenses	8,795,804	—	8,795,804
Management and general	968,914	—	968,914
Fundraising	602,850	—	602,850
Total Expenses And Losses	10,367,568	—	10,367,568
Change In Net Assets	604,537	13,524,316	14,128,853
Net Assets - Beginning Of Year	18,598,506	119,370,139	137,968,645
Net Assets - End Of Year	\$ 19,203,043	\$ 132,894,455	\$ 152,097,498

SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENT OF CASH FLOWS

Page 1 Of 2

	For The Years Ended June 30,	
	2025	2024
Cash Flows From Operating Activities		
Tuition and fees	\$ 49,656,130	\$ 52,589,221
Grants and contracts	9,616,860	10,614,142
Auxiliary enterprises	24,462,320	24,946,942
Other receipts	14,487,245	14,616,209
Payments to vendors and suppliers	(59,604,785)	(58,425,698)
Payments to employees	(98,232,849)	(91,132,268)
Net Cash Used In Operating Activities	(59,615,079)	(46,791,452)
Cash Flows From Noncapital Financing Activities		
State appropriations	53,608,108	51,971,292
Nonoperating federal grants	16,773,148	14,370,197
Emergency COVID-19 governmental assistance	4,679,156	1,597,422
Gifts received for other than capital purposes	2,925,499	1,799,963
Payments for other nonoperating expenses	(9,192)	(1,398,770)
Net Cash Provided By Noncapital Financing Activities	77,976,719	68,340,104
Cash Flows From Capital And Related Financing Activities		
Capital appropriations	1,345,269	11,776,257
Federal grants for capital purposes received	415,048	—
Capital grants and gifts received	1,537,804	10,789,883
Purchases of capital assets and payments to contractors	(11,906,927)	(13,210,287)
Prepayments of RTU assets - leases	(24,052)	—
Principal paid on capital debt, notes, leases and subscriptions	(9,608,750)	(8,475,188)
Interest paid on capital debt, notes, leases and subscriptions	(5,512,329)	(5,813,221)
Net Cash Used In Capital And Related Financing Activities	(23,753,937)	(4,932,556)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	25,826,430	40,266,507
Interest on investments	5,922,060	5,342,448
Purchase of investments	(21,313,156)	(11,814,782)
Net Cash Provided By Investing Activities	10,435,334	33,794,173
Net Increase In Cash And Cash Equivalents	5,043,037	50,410,269
Cash And Cash Equivalents - Beginning Of Year	103,299,886	52,889,617
Cash And Cash Equivalents - End Of Year	\$ 108,342,923	\$ 103,299,886
Supplemental Disclosure Of Cash Flow Information		
Noncash transactions:		
Capital asset purchases included in accounts payable	\$ 1,691,956	\$ 1,898,792
Acquisition of new right to use assets	592,745	4,269,244
Unrealized gain (loss) on investments	187,104	(20,935)

SOUTHEAST MISSOURI STATE UNIVERSITY

STATEMENT OF CASH FLOWS

Page 2 Of 2

	For The Years Ended June 30,	
	2025	2024
Reconciliation Of Operating Loss To Net Cash		
From Operating Activities:		
Operating loss	\$ (78,185,601)	\$ (62,111,295)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization expense	19,878,250	20,350,937
Workers compensation and unemployment expenses paid by state	472,302	634,455
Changes in deferred outflows related to other postretirement benefit plan	36,573	36,573
Changes in deferred outflows related to pension plan	1,796,725	(4,387,638)
Changes in deferred outflows related to pension contributions	(1,123,130)	(1,033,382)
Changes in deferred inflows related to leases	(9,960)	124,781
Changes in deferred inflows related to pension plan	(2,686,133)	7,195,696
Changes in deferred inflows related to other postretirement benefit plan	(261,857)	658,478
Changes in assets and liabilities:		
Receivables, net	370,959	(170,485)
Inventories	188,893	21,745
Prepaid expenses	(1,796,466)	(639,169)
Accounts payable	(697,593)	673,330
Unearned income	(904,581)	(1,127,772)
Accrued compensation	(83,410)	1,249,352
Accrued claims liability	491,818	66,642
Deposits held for others	800,946	(21,966)
Net other postretirement employee benefit liability	132,058	(751,448)
Net pension liability	1,965,128	(7,560,286)
Net Cash Used In Operating Activities	\$ (59,615,079)	\$ (46,791,452)

SOUTHEAST MISSOURI STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 And 2024

1. Organization

Southeast Missouri State University (the University) was established in 1873 as the Southeast Missouri Normal School. Since then the school has been named the Southeast Missouri State Teachers' College and the Southeast Missouri State College. In 1972, the Missouri State legislature adopted the school's current name. The University is a state assisted regional institution of higher education, offering instructional programs and other learning experiences at the certificate, associate, baccalaureate, masters and specialist levels. The University is governed by a seven-member Board of Governors, appointed by the Governor and confirmed by the Senate of the State of Missouri. The University is considered a component unit of the State of Missouri.

2. Basis Of Accounting And Presentation And Summary Of Significant Accounting Policies

Basis Of Accounting And Presentation:

The University prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standard Board (GASB).

The basic financial statements of the University have been prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for public colleges and universities and is presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements - Management's Discussion and Analysis for Public Colleges and Universities*.

Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, provides guidance as to the financial reporting of component units (legally separate organizations for which the University is financially accountable). The University has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14 to provide additional guidance for determining whether certain organizations, for which the University is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the University. The Missouri Innovation Corporation is not included in the University's financial statements because it does not meet the criteria set forth for component units under GASB Statement No. 61 or GASB Statement No. 39. However, it is considered a related entity.

The Southeast Missouri University Foundation (the Foundation) is a legally separate tax-exempt entity, which meets the criteria set forth for component units under GASB Statement No. 39. The Foundation provides financial support for the objectives, purposes, and programs of the University. Although the University does not control the timing, purpose, or amount of receipts from the Foundation, the resources (and income thereon) which the Foundation holds and invests are restricted to the activities of the University. Because these resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under generally accepted accounting principles set forth by the Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial report for these differences. The Foundation's significant notes are summarized in Note 18.

During the years ended June 30, 2025 and 2024, the Foundation distributed \$6,368,278 and \$8,114,721, respectively, to the University for both restricted and unrestricted purposes.

Complete financial statements for the Foundation can be obtained by sending a written request to: Southeast Missouri University Foundation, Wehking Alumni Center, One University Plaza, Cape Girardeau, Missouri, 63701.

Summary Of Significant Accounting Policies

Cash And Cash Equivalents - The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are combined on the statement of cash flows and represent cash and repurchase agreements.

Investments - The University accounts for its investments at fair value. Certificates of deposit are accounted for at amortized cost, which approximates fair value. Changes in unrealized gain (loss) in the carrying value of the investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

Fair Value Measurements - The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs use to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Due From Component Unit-Foundation - The University bills the Foundation monthly for the use of University services. The final billing for the fiscal year is not paid by the Foundation and received by the University until the following fiscal year, therefore creating a receivable for the University. Additionally, the University participates in the Foundation's investment pool. As the University does not have title to these investments, their share of the investment pool is recorded as a Due from Component Unit - Foundation.

Inventories - Inventories consist of office, store, farm and physical plant supplies and are recorded at cost using the first-in, first-out method. Textbooks available for rental are recorded at the lower of cost (using the first-in, first-out method) or market (net realizable value).

Capital Assets (Excluding Right-To-Use Assets) - Physical properties are recorded at cost or, when donated, at acquisition value at date of gift. All financially significant building and infrastructure asset additions and improvements are capitalized if the life of the building is extended. Additionally, all purchases of equipment, furnishings and other personal property with a useful life greater than one year and costing \$5,000 or greater are capitalized.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Depreciation on equipment is computed using the straight-line method with depreciation beginning in the month after acquisition and none in the year of disposal. Depreciation is computed on all other assets using the straight-line method, with a full-year expense in the year after acquisition and partial depreciation through the month of disposition. Expenditures for construction in progress are capitalized with depreciation beginning when the project is completed. Capital assets are depreciated over the estimated useful lives as follows:

	<u>Years</u>
Capital Assets	
Buildings and site improvements	10 to 75
Infrastructure	10 to 75
Leasehold improvements	9 to 15
Library books	5 to 30
Machinery and tools	5 to 20
Office equipment and furnishings	5 to 20
Scientific equipment and other	5 to 50
Computer hardware and software	4 to 5
Vehicles	4 to 6

When capital assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri State Employees' Retirement System (MOSERS) and additions to and deductions from MOSERS' fiduciary net position have been determined on the same basis as they are reported by MOSERS. For this purpose, benefit payments (including refunds on employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Compensated Absences - University employees earn vacation benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation pay based upon the nature of separation (death, retirement or termination). Certain limitations have been placed on the hours of vacation that employees may accumulate and carry over for payment at termination, retirement or death. Unused hours exceeding these limitations are forfeited.

During fiscal year 2025, the University implemented GASB Statement No. 101, *Compensated Absences*. The new statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability is required to be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The impact of this new standard is not material and balances reported in previous periods were not changed as a result of the implementation of this new standard.

Net Position

Resources are required to be classified for accounting and reporting purposes into the following three net position categories:

- ***Net Investment In Capital Assets:*** Capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- ***Restricted:***
 - Nonexpendable*** - Net position subject to externally imposed stipulations that the University maintain them permanently. Such assets include the University's permanent endowment funds.
 - Expendable*** - Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
- ***Unrestricted:*** Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Governors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and research programs and initiatives and capital projects, excluding the effects of the pension obligation and related deferrals.

Operating And Nonoperating Revenues (Expenses) - The University's policy for defining operating activities as reported on the Statement of Revenues, Expenses, and Changes in Net Position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Operating revenues include student tuition and fees net of scholarship allowances and auxiliary activities. Nearly all of the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 34. Nonoperating revenues (expenses) include revenues from activities that have the characteristics of nonexchange transactions such as gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and investment income and certain federal, state and nongovernmental grants and contracts. The primary nonoperating expense is interest on indebtedness.

Unearned Income - Unearned income consists primarily of the University's dining services vendor's investment in facilities. Although the current contract runs through fiscal year 2031, the amortization schedule for the \$5.6 million balance at June 30, 2025 runs through fiscal year 2036. Short term unearned income includes summer school tuition, housing, and other revenues received but not earned during the current year.

Leasing Arrangements - For arrangements where the University is a lessee, a lease liability and a right to use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of the lease payments over the lease term.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The University uses an incremental borrowing rate derived from an applicable market rate and a credit spread using its lowest credit rating and based on market data points as of the most recent quarter end as compared to the lease agreement's commencement date when the rate implicit in the lease is not known. The University includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the University will exercise the option. The University has elected to combine lease and nonlease components for all lease contracts and has not recognized RTU assets and lease liabilities for leases with terms of 12 months or less. RTU assets are amortized over the length of the lease or the useful life of the asset, whichever is shorter, on the straight-line basis.

Subscription-Based Information Technology Arrangements (SBITAs) – For arrangements where the University is a subscriber, a subscription liability and a right to use (RTU) intangible asset are recognized at the commencement of the subscription term. RTU assets represent the University's right to use an underlying asset for the subscription term and subscription liabilities represent the University's obligation to make subscription payments arising from the arrangement. RTU assets and subscription liabilities are recognized at the subscription commencement date based on the estimated present value of the subscription payments over the subscription term. The University uses an incremental borrowing rate derived from an applicable market rate and a credit spread using its lowest credit rating and based on market data points as of the most recent quarter end as compared to the subscription agreement's commencement date. RTU assets associated with subscription agreements are amortized over the length of the subscription agreement on a straight-line basis.

Tuition, Discounts And Allowances - Student tuition and fee revenues and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by the students or third parties on behalf of the students. Certain grants, including federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenue, while Pell grants are recorded as nonoperating revenue in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a discount and allowance.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Deferred Outflows And Inflows Of Resources - In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period or periods and therefore will not be recognized as an outflow of resources until then. At June 30, 2025 and 2024, the University's deferred outflows of resources consist of deferred amounts on refunding of bonds payable, which results from the difference between the reacquisition price of refunded debt and its carrying value. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Deferred outflows also include contributions to MOSERS retirement plan, which were made subsequent to the plan's measurement date. Finally, deferred outflows also include the University's proportionate share of collective deferred outflows of resources for the University's MOSERS retirement plan and the deferred outflows for the other postretirement benefit plan.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources consist of the acquisition of net assets that is applicable to a future reporting period or periods and so will not be recognized as inflow of resources until then.

As of June 30, 2025 and 2024, the University's deferred inflows include the University's proportionate share of the collective deferred inflows of resources for the MOSERS retirement plan and the deferred inflows for the other postretirement benefit plan. Deferred inflows also include payments to be received under leasing transactions where the University is the lessor; these will be recorded as revenue in future years.

Amortization - The deferred amount on refunding is amortized as interest on capital related debt using the bonds outstanding method. Deferred outflows related to the current fiscal year pension contributions will be fully amortized to pension expense in the following year. Deferred inflows and outflows related to the proportionate share of the collective deferred amounts will be netted together and amortized to pension expense according to the amortization schedule provided by the MOSERS retirement plan. Deferred inflows and outflows related to the other postretirement benefit plan will be amortized according to the amortization schedule provided by the actuary.

Auxiliary Activities - Auxiliary activities mainly represent revenues generated from University housing and food service, textbook rentals and various other departmental activities that provide services to the students, faculty, staff and general public.

Income Taxes - The University is classified as a political subdivision of the State of Missouri under Internal Revenue Code Section 115(a) and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income.

Use Of Estimates - The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Reclassifications - Certain amounts reported for the year ended June 30, 2024 have been reclassified in the financial statements, where appropriate, to conform to the presentation used for the year ended June 30, 2025 including the categories of operating revenues between auxiliary enterprises revenues and other operating revenues on the Statement Of Revenues, Expenses And Changes In Net Position and the presentation of the related receipts on the Statement of Cash Flows, classifications of net position between restricted expendable and unrestricted, and the classification of unearned income between current and noncurrent on the Statement of Net Position.

3. Deposits And Investments

Deposits

Custodial Credit Risk. This represents the risk that in the event of a bank failure, a government's deposits may not be returned to it. The University's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. Agencies or instrumentalities of the state of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The University maintains a depository contract and pledge agreement with its safekeeping bank that complies with the Financial Institutions, Reform, Recovery, and Enforcement Act of 1989 (FIRREA).

As of June 30, 2025 and 2024, the University had no deposits exposed to custodial credit risk.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

Foreign Currency Risk. This represents the risk related to adverse effects on the fair value of a deposit from changes in exchange rates. As of June 30, 2025 and 2024, the University had no exposure to foreign currency risk as the University had no deposits held by international banks.

Investments

The University may invest in United States Treasury Securities, United States Agency Securities, repurchase agreements, collateralized public deposits (certificates of deposits) and banker's acceptances.

At June 30, 2025, the University had the following investments and maturities:

Investment Type	Credit Rating	Fair Value	Investment Maturities (In Years)	
			< 1 Year	1-5 Years
U.S. Treasury Obligations	*	\$ 12,076,281	\$ 4,013,937	\$ 8,062,344
U.S. Agency Obligations	*	8,062,877	—	8,062,877
Total		\$ 20,139,158	\$ 4,013,937	\$ 16,125,221

At June 30, 2024, the University had the following investments and maturities:

Investment Type	Credit Rating	Fair Value	Investment Maturities (In Years)	
			< 1 Year	1-5 Years
U.S. Treasury Obligations	*	\$ 4,817,850	\$ 4,817,850	\$ —
U.S. Agency Obligations	*	19,029,531	14,030,763	4,998,768
Total		\$ 23,847,381	\$ 18,848,613	\$ 4,998,768

*U.S. Treasury and Agency obligations were rated Aa1 and Aaa by Moody's Investor Services and AA+ and AAA by Standard and Poor's Corporation at June 30, 2025 and 2024, respectively.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of ensuring the safety of principal invested, the University's investment policy is to diversify investments so as to minimize the potential loss on individual securities. The maturities are structured to meet cash flow needs of the University, thereby avoiding the need to sell securities in the open market prior to maturity. Callable securities are restricted to securities callable at par only.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the University's policy to limit its credit risk by:

1. Only investing with reputable financial institutions, brokers and dealers.
2. Diversifying the investments so as to minimize the potential loss on individual securities.
3. Structuring the investments so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
4. Investing operating funds primarily in shorter-term securities.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Collateralization equal to at least 100% of the market value (including accrued interest) is required for repurchase agreements. In accordance with the investment policy, the University addresses custodial credit risk by diversifying its investment portfolio and maintaining a standard of quality for its investments. The University had no investments exposed to custodial credit risk at June 30, 2025 or 2024.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government investment in a single issuer. According to the University's investment policy, investments shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities. The types of investments that can be held in the University's portfolio include U.S. Treasury and Agency securities, repurchase agreements, collateralized public deposits, commercial paper and banker's acceptances. No more than 5% of the total market value of the portfolio may be invested in banker's acceptances issued by any one commercial bank and no more than 5% of the total market value of the portfolio may be invested in commercial paper of any one issuer.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The University's investments in U.S. Agency Obligations consist of Freddie Mac, Fannie Mae, and Federal Home Loan Bank securities. The concentration in each category at June 30, 2025 and 2024 was as follows:

	2025	2024
U.S. Treasury Obligations	59.96%	20.20%
Freddie Mac	0.00%	41.77%
Fannie Mae	0.00%	11.41%
Federal Farm Credit Bank	20.06%	0.00%
Federal Home Loan Bank	19.98%	26.62%
	100.00%	100.00%

Foreign Currency Risk. This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. As of June 30, 2025 and 2024, the University had no exposure to foreign currency risk as there were no foreign investments in the University's portfolio.

Summary Of Fair Values

The fair value of deposits and investments are as follows:

	2025	2024
Deposits		
Cash in bank	\$ 13,042,107	\$ 12,518,269
Cash on hand	57,895	49,027
Repurchase agreement	95,242,921	90,732,590
Certificates of deposit	1,999,052	2,544,000
	110,341,975	105,843,886
Investments		
US Government Treasury Obligations	12,076,281	4,817,850
US Government Agency Obligations	8,062,877	19,029,531
	20,139,158	23,847,381
	\$ 130,481,133	\$ 129,691,267

Included in the following statement of net position captions:

	2025	2024
Cash and cash equivalents	\$ 106,791,172	\$ 101,997,981
Restricted cash and cash equivalents	1,551,751	1,301,905
Short-term investments	6,012,989	20,642,613
Long-term investments	16,125,221	5,748,768
	\$ 130,481,133	\$ 129,691,267

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The University has the following recurring fair value measurements as of June 30, 2025:

- U.S. Government Treasury Obligations of \$12,076,281 valued using a matrix pricing model (Level 2 inputs).
- U.S. Government Agency Obligations of \$8,062,877 valued using a matrix pricing model (Level 2 inputs).

The University has the following recurring fair value measurements as of June 30, 2024:

- U.S. Government Treasury Obligations of \$4,817,850 valued using a matrix pricing model (Level 2 inputs).
- U.S. Government Agency Obligations of \$19,029,531 valued using a matrix pricing model (Level 2 inputs).

Investment Income

Investment income for the years ended June 30, 2025 and 2024 consists of:

	2025	2024
Interest and dividend income	\$ 5,976,469	\$ 5,354,253
Realized gain (loss) on investments	72,999	717,584
Net increase (decrease) in fair value of investments	187,104	(20,935)
	\$ 6,236,572	\$ 6,050,902

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements *(Continued)*

4. Accounts Receivable

The composition of accounts receivable at June 30, 2025 and 2024 is summarized as follows:

	2025	2024
Student billings	\$ 4,031,250	\$ 4,543,431
Departmental operations	73,582	178,413
State and private grants	812,094	757,963
Capital project funding	10,700	612,200
Auxiliary operations	35,489	310,777
Other	23,087	25,732
	4,986,202	6,428,516
Less: Allowance for doubtful accounts	869,979	941,461
	\$ 4,116,223	\$ 5,487,055

5. Notes Receivable

The composition of notes receivable at June 30, 2025 and 2024 is summarized as follows:

	2025	2024
Federal loan programs	\$ 987,277	\$ 1,221,942
Less: Allowance for doubtful accounts	421,237	452,869
	\$ 566,040	\$ 769,073

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

6. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance - June 30, 2024	Additions	Transfers	Retirements	Balance - June 30, 2025
Capital assets, not being depreciated:					
Land	\$ 4,212,638	\$ 121,679	\$ —	\$ —	\$ 4,334,317
Library books	3,337,700	—	—	—	3,337,700
Construction in progress	4,925,278	10,255,629	—	(6,453,382)	8,727,525
Total capital assets not being depreciated	12,475,616	10,377,308	—	(6,453,382)	16,399,542
Capital assets, being depreciated:					
Building and improvements	515,279,155	6,146,756	340,003	—	521,765,914
Infrastructure	44,263,679	149,509	—	—	44,413,188
Leasehold improvements	14,891,769	—	—	—	14,891,769
Equipment	38,943,958	1,496,060	—	(2,405,918)	38,034,100
Library books	18,623,454	69,396	—	(51,534)	18,641,316
Total capital assets being depreciated	632,002,015	7,861,721	340,003	(2,457,452)	637,746,287
Less accumulated depreciation for:					
Building and improvements	188,072,943	14,040,119	306,003	—	202,419,065
Infrastructure	13,519,818	930,627	—	—	14,450,445
Leasehold improvements	9,691,480	788,931	—	—	10,480,411
Equipment	30,926,114	1,266,353	—	(2,320,692)	29,871,775
Library books	12,503,603	528,063	—	(41,784)	12,989,882
Total accumulated depreciation	254,713,958	17,554,093	306,003	(2,362,476)	270,211,578
Total capital assets being depreciated, net	377,288,057	(9,692,372)	34,000	(94,976)	367,534,709
Capital assets, net	\$ 389,763,673	\$ 684,936	\$ 34,000	\$ (6,548,358)	\$ 383,934,251

	Balance - June 30, 2024	Additions	Transfers	Retirements	Balance - June 30, 2025
Right to use assets:					
Building and improvements	\$ 8,256,435	\$ 100,217	\$ —	\$ (1,749,908)	\$ 6,606,744
Equipment	1,366,167	87,721	—	(79,377)	1,374,511
Land	1,225,801	—	—	(460,861)	764,940
Subscriptions	7,243,303	428,859	—	(2,520,981)	5,151,181
Other	15,842	—	—	(3,947)	11,895
Total right to use assets	18,107,548	616,797	—	(4,815,074)	13,909,271
Less accumulated amortization for:					
Building and improvements	4,150,661	651,148	—	(1,584,318)	3,217,491
Equipment	442,242	252,601	—	(79,377)	615,466
Land	712,930	98,082	—	(460,861)	350,151
Subscriptions	3,676,279	1,322,050	—	(2,486,341)	2,511,988
Other	1,471	276	—	(367)	1,380
Total accumulated amortization	8,983,583	2,324,157	—	(4,611,264)	6,696,476
Right to use assets, net	\$ 9,123,965	\$ (1,707,360)	\$ —	\$ (203,810)	\$ 7,212,795

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The estimated cost to complete construction in progress at June 30, 2025 was \$34,259,998, for which funds are available from auxiliary funds, state appropriations, and other local sources. Projects in progress include upgrades to Residence Life and Athletic facilities as well as infrastructure improvements and renovations of academic buildings. Encumbrances on projects started in the year ended June 30, 2025 and projects anticipated to commence in the year ended June 30, 2026 totaled \$4,385,909 at June 30, 2025.

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance - June 30, 2023	Additions	Retirements	Balance - June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 4,212,638	\$ —	\$ —	\$ 4,212,638
Library books	3,337,700	—	—	3,337,700
Construction in progress	19,550,020	11,074,818	(25,699,560)	4,925,278
Total capital assets not being depreciated	27,100,358	11,074,818	(25,699,560)	12,475,616
Capital assets, being depreciated:				
Building and improvements	494,363,125	20,916,030	—	515,279,155
Infrastructure	39,480,149	4,783,530	—	44,263,679
Leasehold improvements	14,891,769	—	—	14,891,769
Equipment	39,835,341	841,163	(1,732,546)	38,943,958
Library books	18,593,274	54,126	(23,946)	18,623,454
Total capital assets being depreciated	607,163,658	26,594,849	(1,756,492)	632,002,015
Less accumulated depreciation for:				
Building and improvements	173,619,968	14,452,975	—	188,072,943
Infrastructure	12,658,639	861,179	—	13,519,818
Leasehold improvements	8,789,625	901,855	—	9,691,480
Equipment	31,323,791	1,224,894	(1,622,571)	30,926,114
Library books	12,001,280	522,728	(20,405)	12,503,603
Total accumulated depreciation	238,393,303	17,963,631	(1,642,976)	254,713,958
Total capital assets being depreciated, net	368,770,355	8,631,218	(113,516)	377,288,057
Capital assets, net	\$ 395,870,713	\$ 19,706,036	\$ (25,813,076)	\$ 389,763,673

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements *(Continued)*

	Balance - June 30, 2023	Additions	Retirements	Balance - June 30, 2024
Right to use intangible assets:				
Building and improvements	\$ 6,701,109	\$ 1,600,903	\$ (45,577)	\$ 8,256,435
Equipment	589,154	882,097	(105,084)	1,366,167
Land	539,107	765,795	(79,101)	1,225,801
Subscriptions	4,606,022	2,720,174	(82,893)	7,243,303
Other	15,897	—	(55)	15,842
Right to use assets	12,451,289	5,968,969	(312,710)	18,107,548
Less accumulated amortization for:				
Building and improvements	2,136,424	2,059,814	(45,577)	4,150,661
Equipment	360,349	186,977	(105,084)	442,242
Land	280,049	511,982	(79,101)	712,930
Subscriptions	2,431,487	1,327,685	(82,893)	3,676,279
Other	1,106	420	(55)	1,471
Total accumulated amortization	5,209,415	4,086,878	(312,710)	8,983,583
Right to use assets, net	\$ 7,241,874	\$ 1,882,091	\$ —	\$ 9,123,965

7. Accounts Payable

The composition of accounts payable at June 30, 2025 and 2024 is summarized as follows:

	2025	2024
Equipment purchases	\$ —	\$ 67,706
Supplies and operating expenses	4,134,797	4,651,037
Capital improvements	1,168,598	1,541,609
Retainage - capital projects	523,358	357,183
	\$ 5,826,753	\$ 6,617,535

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

8. Bonds Payable

Bonds payable at June 30, 2025 are summarized as follows:

	Balance - June 30, 2024	Principal Additions	Principal Payments	Balance - June 30, 2025
System Facilities Revenue Bonds Series 2016A	\$ 9,415,000	\$ —	\$ (1,130,000)	\$ 8,285,000
System Facilities Taxable Revenue Bonds Series 2016B	7,395,000	—	(240,000)	7,155,000
System Facilities Revenue Bonds Series 2016C	23,670,000	—	(1,025,000)	22,645,000
Educational Facilities Refunding Revenue Bonds Series 2019	43,705,000	—	(1,765,000)	41,940,000
System Facilities Refunding Revenue Bonds Series 2020	50,840,000	—	(2,950,000)	47,890,000
	<u>\$ 135,025,000</u>	<u>\$ —</u>	<u>\$ (7,110,000)</u>	<u>127,915,000</u>
Less: Current maturities (due within one year)				7,435,000
Less: Discount on bond payable				8,078
Add: Premium on bond payable				<u>9,178,793</u>
				<u>\$ 129,650,715</u>

Bonds payable at June 30, 2024 are summarized as follows:

	Balance - June 30, 2023	Principal Additions	Principal Payments	Balance - June 30, 2024
System Facilities Revenue Bonds Series 2016A	\$ 10,500,000	\$ —	\$ (1,085,000)	\$ 9,415,000
System Facilities Taxable Revenue Bonds Series 2016B	7,625,000	—	(230,000)	7,395,000
System Facilities Revenue Bonds Series 2016C	24,660,000	—	(990,000)	23,670,000
Educational Facilities Refunding Revenue Bonds Series 2019	44,595,000	—	(890,000)	43,705,000
System Facilities Refunding Revenue Bonds Series 2020	53,645,000	—	(2,805,000)	50,840,000
	<u>\$ 141,025,000</u>	<u>\$ —</u>	<u>\$ (6,000,000)</u>	<u>135,025,000</u>
Less: Current maturities (due within one year)				7,110,000
Less: Discount on bond payable				8,750
Add: Premium on bond payable				<u>10,497,315</u>
				<u>\$ 138,403,565</u>

On July 22, 2020, the Board of Governors issued \$57,480,000 of System Facilities Refunding Revenue Bonds Series 2020 for the purpose of refunding Series 2013A System Facilities Revenue Bonds. The refunding decreased the University's total debt service payments by \$5,025,667 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$4,916,683.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

During 2020, the refunding of the Series 2013A bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,326,179. This difference, reported in the accompanying basic financial statements as a deferred outflow of resources, is being charged to operations through 2043 using the bonds outstanding method.

The Series 2020 bonds shall pay interest semiannually on April 1 and October 1. At the option of the University, the Series 2020 bonds maturing April 1, 2031 and thereafter may be called to redemption and payment prior to maturity on or after April 1, 2030 in lots of \$5,000 at a redemption price of 100% of the principal amount together with accrued interest thereon to the date of maturity. The Series 2020 bonds maturing April 1, 2040 and 2043 are subject to mandatory redemption and payment prior to maturity at the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, in accordance with the following schedule:

Series 2020 Bonds Maturing April 1, 2040	
<u>Years</u>	<u>Amount</u>
2038-2040	\$5,330,000
Series 2020 Bonds Maturing April 1, 2043	
<u>Years</u>	<u>Amount</u>
2041-2043	\$2,691,000

The Series 2020 bonds, collateralized by a pledge of the gross income and revenues derived from the ownership or operation of the System Facilities bear interest at rates varying from 2.00% to 5.00% and mature serially through fiscal year 2043.

On July 24, 2019, the Board of Governors issued \$44,595,000 of Educational Facilities Refunding Revenue Bonds Series 2019 for the purpose of partially refunding Series 2010B Taxable Educational Facilities Revenue Bonds (Build America Bonds). The partial refunding decreased the University's total debt service payments by \$5,130,254 and results in an economic gain (difference between the present value of the old and new debt service payments) of \$4,780,216.

During 2019, the partial refunding of the Series 2010B bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,043,117. This difference, reported in the accompanying basic financial statements as a deferred outflow of resources, is being charged to operations through 2041 using the bonds outstanding method.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The Series 2019 bonds shall pay interest semiannually on April 1 and October 1. At the option of the University, the Series 2019 bonds maturing October 1, 2030 and thereafter may be called to redemption and payment prior to maturity on or after October 1, 2029 in lots of \$5,000 at a redemption price of 100% of the principal amount together with accrued interest thereon to the date of maturity.

The Series 2019 bonds bear interest at rates varying from 3% to 5% and mature serially through fiscal year 2041.

On August 10, 2016, the Board of Governors issued \$25,025,000 of System Facilities Revenue Bonds Series 2016C for the purpose of partially refunding Series 2011B System Facilities Revenue bonds. The partial refunding decreased the University's total debt service payments by \$3,068,337 and results in an economic gain (difference between the present value of the old and new debt service payments) of \$2,723,714.

During 2016, the advance refunding of the Series 2011B bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,767,433. This difference, reported in the accompanying basic financial statements as a deferred outflow of resources, is being charged to operations through 2042 using the bonds outstanding method.

The Series 2016C bonds shall pay interest semiannually on April 1 and October 1. At the option of the University, the Series 2016C bonds maturing April 1, 2025 and thereafter may be called to redemption and payment prior to maturity on or after April 1, 2024 in lots of \$5,000 at a redemption price of 100% of the principal amount together with accrued interest thereon to the date of maturity. The Series 2016C bonds maturing April 1, 2037, April 1, 2039 and April 1, 2042 are subject to mandatory redemption and payment prior to maturity at the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, in accordance with the following schedule:

Series 2016C Bonds Maturing April 1, 2037	
<u>Years</u>	<u>Amount</u>
2036-2037	\$2,840,000
Series 2016C Bonds Maturing April 1, 2039	
<u>Years</u>	<u>Amount</u>
2038-2039	\$3,005,000
Series 2016C Bonds Maturing April 1, 2042	
<u>Years</u>	<u>Amount</u>
2040-2042	\$4,850,000

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The Series 2016C bonds, collateralized by a pledge of the gross income and revenues derived from the ownership or operation of the System Facilities bear interest at rates varying from 2.00% to 4.00% and mature serially through fiscal year 2042.

On February 26, 2016, the Board of Governors issued \$21,710,000 of System Facilities Revenue Bonds Series 2016A and \$8,920,000 of Taxable System Facilities Revenue Bonds Series 2016B for the purpose of refunding \$23,555,000 Systems Facilities Revenue bonds Series 2011 and constructing, furnishing, and equipping a facility for Greek student housing and certain other expansions, renovations, and improvements to System Facilities. The refunding decreased the University's total debt service payments by \$2,830,120 and results in an economic gain (difference between the present value of the old and new debt service payments) of \$2,808,956.

During 2016, the refunding of the Series 2011 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$609,621. This difference, reported in the accompanying basic financial statements as a deferred outflow of resources, is being charged to operations through 2032 using the bonds outstanding method.

The Series 2016A and 2016B bonds shall pay interest semiannually on April 1 and October 1. At the option of the University, the Series 2016A bonds maturing April 1, 2026 and thereafter may be called to redemption prior to maturity on or after April 1, 2025 in lots of \$5,000 at a redemption price of 100% of the principal amount together with accrued interest thereon to the date of maturity. The series 2016B bonds maturing April 1, 2027 and thereafter, at the option of the University may be called to redemption prior to maturity on or after April 1, 2026 in lots of \$5,000 at a redemption price of 100% of the principal amount together with accrued interest thereon to the date of maturity. The Series 2016B bonds maturing April 1, 2031, April 1, 2036 and April 1, 2045 are subject to mandatory redemption prior to maturity at the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, in accordance with the following schedule:

Series 2016B Bonds Maturing April 1, 2031	
<u>Years</u>	<u>Amount</u>
2027-2031	\$1,350,000
Series 2016B Bonds Maturing April 1, 2036	
<u>Years</u>	<u>Amount</u>
2032-2036	\$1,625,000
Series 2016B Bonds Maturing April 1, 2045	
<u>Years</u>	<u>Amount</u>
2037-2045	\$3,935,000

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The Series 2016A bonds, collateralized by a pledge of the gross income and revenues derived from the ownership or operation of the System Facilities bear interest at rates varying from 3.00% to 5.00% and mature serially through fiscal year 2032. The Series 2016B bonds also collateralized by a pledge of the gross income and revenues derived from the ownership or operation of the System Facilities bear interest at rates varying from 1.375%-4.37% and mature serially through 2045.

The System Facilities is composed of the Housing System, the Student Union Facility (University Center), the Student Recreation Center, the Outdoor Recreation Fields, and the Parking and Transit system. Until fiscal year 2022, System Facilities also included Textbook Services.

Revenue derived from the operation of these facilities is pledged for the retirement of the outstanding 2016A, 2016B and 2016C and 2020 Series Bonds. Under the provisions of these bond resolutions, the University covenants to establish rates for the use and services of the System Facilities sufficient to fund operations, maintain reserves, and provide revenues to pay principal and interest on the bonds. Refer to Note 17 for a summary of System Facilities pledged revenue and segment information for fiscal years 2025 and 2024.

Interest expense on bonded debt was \$4,665,784 and \$4,860,200 for 2025 and 2024, respectively.

Scheduled fiscal year maturities of System Facilities and Educational Facilities bonds payable and related interest are as follows:

Year	Principal	Interest
2026	\$ 7,435,000	\$ 4,957,077
2027	7,765,000	4,620,977
2028	8,105,000	4,279,327
2029	8,460,000	3,920,342
2030	8,830,000	3,534,971
2031-2035	38,100,000	12,758,576
2036-2040	36,405,000	5,607,074
2041-2045	12,815,000	825,402
	\$ 127,915,000	\$ 40,503,746

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)**9. Notes Payable**

Notes payable at June 30, 2025 are summarized as follows:

	Balance - June 30, 2024	Principal Additions	Principal Payments	Balance - June 30, 2025
Chartwell's-Olive's and Skylight Terrace Expansion	\$ 133,793	\$ —	\$ (18,501)	\$ 115,292
Department of Natural Resources Energy Loan	57,026	—	(9,785)	47,241
KS StateBank - Pianos	98,975	—	(98,975)	—
	<u>\$ 289,794</u>	<u>\$ —</u>	<u>\$ (127,261)</u>	<u>162,533</u>
Less: Current maturities (due within one year)				<u>28,834</u>
				<u><u>\$ 133,699</u></u>

Notes payable at June 30, 2024 are summarized as follows:

	Balance - June 30, 2023	Principal Additions	Principal Payments	Balance - June 30, 2024
Chartwell's-Olive's and Skylight Terrace Expansion	\$ 152,019	\$ —	\$ (18,226)	\$ 133,793
Department of Natural Resources Energy Loan	66,547	—	(9,521)	57,026
KS StateBank - Pianos	194,107	—	(95,132)	98,975
	<u>\$ 412,673</u>	<u>\$ —</u>	<u>\$ (122,879)</u>	<u>289,794</u>
Less: Current maturities (due within one year)				<u>127,260</u>
				<u><u>\$ 162,534</u></u>

On July 1, 2009, the University entered into an agreement with Chartwells, the University's contracted food service provider, for the construction of dining facilities in the new residence hall and expansion of the University Center to provide additional dining space. The University will make monthly principal payments, totaling \$577,870 through fiscal year 2031. The note is noninterest bearing. Interest has been imputed using a rate of 1.429%.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The University entered into a loan agreement dated May 19, 2017, with the Missouri Department of Economic Development-Division of Energy to provide energy efficient lighting in Crisp Hall, an academic building. The loan was approved for \$97,545 with an interest rate of 2.75% and a loan origination fee of 1% of the principal loan amount. An extension request was approved in October 2017. The promissory note of \$98,520 was executed on October 8, 2019. The University will make semi-annual principal and interest payments through July 1, 2029.

The University entered into a loan agreement dated July 1, 2020, with KS StateBank to provide financing for piano purchases. The loan was approved for \$457,908 with an interest rate of 4.04%. The University made annual principal and interest payments of \$102,974 through June 30, 2025.

Interest expense was \$11,751 and \$15,972 or 2025 and 2024, respectively. Scheduled fiscal year maturities on notes payable and related interest are as follows:

Year	Principal	Interest
2026	\$ 28,834	\$ 2,822
2027	29,394	2,262
2028	29,967	1,690
2029	30,551	1,105
2030	25,249	511
2031	18,538	139
	\$ 162,533	\$ 8,529

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)**10. Unearned Income**

Over the life of the contract with the University's contracted food service provider, the University has entered into several agreements for the construction, expansion, and improvement of dining facilities across the campus. These investments are considered advances (unearned income) from Chartwells that are being amortized through fiscal year 2036. Advances at June 30, 2025 are summarized as follows:

	Balance - June 30, 2024	Additions	Amortization	Balance - June 30, 2025
Original investment	\$ 900,991	\$ —	\$ (75,608)	\$ 825,383
2009 Investment	219,364	—	(18,408)	200,956
2012 Investment	848,041	—	(71,164)	776,877
2013 Investment	258,903	—	(21,726)	237,177
2015 Investment	2,741,913	—	(230,091)	2,511,822
2018 Investment	597,549	—	(50,144)	547,405
2020 Investment	535,085	—	(44,902)	490,183
Follet - Bookstore	271,940	—	(30,785)	241,155
	<u>\$ 6,373,786</u>	<u>\$ —</u>	<u>\$ (542,828)</u>	<u>5,830,958</u>
Less: Current maturities (within one year)				<u>542,829</u>
				<u><u>\$ 5,288,129</u></u>

Unearned income at June 30, 2025 and 2024 also includes \$5,600,000 and \$5,612,479, respectively, of grants funds advanced to the University for the purpose of funding future eligible expenditures. Revenue is anticipated to be recognized in the year ended June 30, 2027 when eligible expenditures are incurred for \$5,600,000 of unearned income associated with the MOExcels grant which provided the University with funding for purchase of equipment for the Health Sciences building.

Unearned income at June 30, 2025 and 2024, also includes \$3,920,279 and \$3,897,646, respectively, of student fees associated primarily with the summer term split in which revenue will be recognized when the educational and auxiliary services are provided to students. Unearned income at June 30, 2024, also includes \$371,907 in flight training cost fees paid by students in advance of incurring flight training hours. No amounts were included in unearned income related to flight training cost fees paid by students in advance of incurring flight training hours at June 30, 2025.

11. Retirement Plan - Missouri State Employees' Retirement System (MOSERS)

General Information About The Pension Plan

Plan description. Benefit eligible employees of the University are provided with pensions through MOSERS - a cost-sharing multiple-employer defined benefit pension plan. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related agency employees. MOSERS issues an Annual Comprehensive Financial Report (ACFR), a publicly available financial report that can be obtained at www.mosers.org.

Benefits provided. MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000 and MSEP2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' ACFR.

Contributions. Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP2011 Plan are required to contribute 4% of their annual pay. The University's required contribution rate for the year ended June 30, 2025, was 28.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for the MOSERS plan year ended June 30, 2024 was 27.26%, which is the year of measurement for the net pension liability. Contributions to the pension plan from the University were \$12,604,520 and \$11,480,701 for the years ended June 30, 2025 and 2024, respectively.

Pension Liabilities, Pension Expense, And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At June 30, 2025 and 2024, the University reported a liability of \$139,288,661 and \$137,323,533, respectively, for its proportionate share of the net pension liability. The net pension liability at June 30, 2025 and 2024 was measured as of June 30, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The University's proportion of the net pension liability was based on the University's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2024. At June 30, 2024, the University's proportion was 1.71614%, a decrease from its proportion measured as of the June 30, 2023 measurement date of 1.79907%.

During the MOSERS plan year ended June 30, 2020, there were changes to reduce the long-term expected rate of return on investments from 7.10% to 6.95%, which increased the total pension liability. The long-term expected rate of return remained 6.95% during the plan year ended June 30, 2024.

For the years ended June 30, 2025 and 2024, the University recognized pension expense of \$12,557,431 and \$5,682,472 respectively.

At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 6,766,108	\$ —
Net difference between projected and actual earnings on pension plan investments	9,394,324	—
Changes in proportion and differences between University contributions and proportionate share of contributions	—	6,007,534
University contributions subsequent to the measurement date of June 30, 2024	12,699,494	—
	\$ 28,859,926	\$ 6,007,534

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 6,434,150	\$ —
Net difference between projected and actual earnings on pension plan investments	11,297,963	—
Changes in proportion and differences between University contributions and proportionate share of contributions	225,044	8,693,667
University contributions subsequent to the measurement date of June 30, 2023	11,576,364	—
	\$ 29,533,521	\$ 8,693,667

Deferred outflows of resources of \$12,699,494 resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the University's fiscal year following MOSERS' fiscal year as follows:

Plan Year Ending June 30:	Amount
2025	\$ 1,601,907
2026	6,990,051
2027	1,467,216
2028	93,724
	\$ 10,152,898

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Actuarial assumptions. The total pension liability in the June 30, 2024 and 2023 actuarial valuations, which are also the dates of measurement for financial reporting purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%, approximate
Salary increases	2.75% - 10.00% annually including inflation
Wage inflation	2.25% annually
Investment rate of return	6.95% per year, compounded annually, net after investment expenses and including inflation

Pre-retirement mortality rates were based on the Pub-2010 General Members Below Median Employee mortality table, set back two years for males and set forward one year for females. Mortality was projected generationally from 2010 to 2020 using Scale MP-2020 and 75% of Scale MP-2020 for years after 2020.

Post-retirement mortality rates for retirees were based on the Pub-2010 General Members Below Median Healthy Retiree mortality table, scaled by 104%, set back two years for males and set forward one year for females. Mortality projected generationally from 2010 to 2020 using Scale MP-2020 and 75% of Scale MP-2020 for years after 2020.

Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Members Below Median Contingent Survivor mortality table, set back two years for males and set forward one year for females. Mortality was projected generationally from 2010 to 2020 using Scale MP-2020 and 75% of Scale MP-2020 for years after 2020.

The actuarial assumptions used in the June 30, 2024 and 2023 valuations were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Long-term investment rate of return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for both the old and new portfolios for each major asset class included in MOSERS target asset allocation as of June 30, 2024 is summarized in the following table:

Asset Class	Policy Allocation	Long-Term Expected Nominal Rate Of Return*	Weighted Average Long-Term Expected Nominal Return
Global public equities	30.0%	7.7%	2.3%
Global private equities	15.0%	9.3%	1.4%
Long treasuries	25.0%	3.5%	0.9%
Core bonds	10.0%	3.1%	0.3%
Commodities	5.0%	5.5%	0.3%
TIPS	25.0%	2.7%	0.7%
Private real assets	5.0%	7.1%	0.3%
Public real assets	5.0%	7.7%	0.4%
Hedge funds	5.0%	4.8%	0.2%
Alternative beta	10.0%	5.3%	0.5%
Private credit	5.0%	9.5%	0.5%
Cash & cash equivalents **	-40.0%	0.0%	0.0%
Correlation/Volatility Adjustment			-0.6%
100.0%			7.2%
Less: Investment Inflation Assumption			-1.9%
Long-Term Expected Geometric Net Real Return			5.3%

** Cash and cash equivalents policy allocation amounts are negative due to use of leverage.

Discount rate. The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments of 6.95% was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University’s proportionate share of the net pension liability to changes in the discount rate. The following presents the University’s proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
University's proportionate share of the net pension liability	\$ 172,929,027	\$ 139,288,661	\$ 111,189,928

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued MOSERS financial report.

Payables To The Pension Plan

As of June 30, 2025 and 2024 the University had payables of \$1,128,878 and \$1,256,763, respectively, due to MOSERS for legally required contributions to the plan.

12. Retirement Plan - College And University Retirement Plan

Beginning July 1, 2002, in accordance with Section 104.1200 through 104.1215 of the Revised Statutes of Missouri, employees hired who meet the criteria of an “education employee” participate in the College and University Retirement Plan (CURP). It is a noncontributory 401(a) defined contribution plan for education employees at regional colleges/universities in Missouri. The MOSERS has been given the responsibility by law to implement and oversee the administration of the plan. The TIAA group of companies is the third-party administrator for the CURP and manages the investment options under the plan. Contributions made by the University are self-directed by participants into their selected individual accounts. By law, the CURP contribution rate is equal to 1% less than the normal cost contribution rate of the Missouri State Employees’ Plan 2000 (MSEP 2000). After participating in CURP for at least six years, a faculty member may elect to become a member of MOSERS.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The University is required to contribute to CURP at a statutorily determined rate; the rate was 6.00% of annual covered payroll for 2025 and 2024. The University's contributions to CURP for the years ended June 30, 2025 and 2024 were \$1,047,102 and \$1,063,191, respectively, which equaled the required contributions for those years.

Payables To The CURP Plan

As of June 30, 2025 and 2024, the University had payables of \$113,656 and \$124,862, respectively, due to CURP for legally required contributions to the plan.

13. Postemployment Healthcare Plan

Plan Description. The University provides a one-time opportunity for retirees to continue medical insurance coverage until age 65. Retirees after October 22, 2010 who elect to continue medical insurance are required to pay monthly premiums determined by plan type elected and Medicare eligibility. Financial statements for the plan are not available.

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on an actuarial valuation prepared in accordance with the parameters of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees Covered by Benefit Terms. As of July 1, 2023 (the valuation date), the following employees were covered by the benefit terms:

Active employees eligible for coverage	853
Inactive employees or beneficiaries currently receiving benefits	<u>21</u>
	<u><u>874</u></u>

Total OPEB Liability. The University's total OPEB liability of \$3,328,884 and \$3,196,826 were measured as of June 30, 2025 and 2024 , and were determined by an actuarial valuation as of July 1, 2023.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Actuarial Assumptions and Methods. The total OPEB liabilities in the July 1, 2023 actuarial valuation were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.21%
Annual Wage Increases	3.00%
Price Inflation	2.50%
Healthcare Cost Trend Rates	7.25% and 7.50% for 2025 and 2024, respectively, decreasing 0.25% per year

Discount Rate. The University's plan is pay as you go and there is not a trust set up to hold plan assets, therefore the long-term expected rate of return is not a factor in determining the discount rate. The discount rate reflects the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met. The source of the index rate used for the actuarial valuation is the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on Pub-2010 General Employees Amount - Weighted Mortality Table, Pub-2010 General Retiree Amount – Weighted Mortality Table, and Pub-2010 General Contingent Survivor Headcount – Weighted Mortality Table with Scale MP-2021.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)*Changes in the Net OPEB Liability:*

Balance at July 1, 2023	\$ 3,948,274
Service cost	163,367
Interest cost	130,123
Net benefits paid by employer	(124,603)
Difference between expected and actual experience	(655,109)
Changes in assumptions	(265,226)
Net Change	(751,448)
Balance at June 30, 2024	\$ 3,196,826
Service cost	165,860
Interest cost	137,954
Net benefits paid by employer	(171,756)
Difference between expected and actual experience	—
Changes in assumptions	—
Net Change	132,058
Balance at June 30, 2025	\$ 3,328,884

Sensitivity Results. The following presents the total OPEB liability of the University as of June 30, 2025 and 2024, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2025		
	Current		
	1% Decrease (3.21%)	Discount Rate (4.21%)	1% Increase (5.21%)
University's total OPEB liability	\$ 3,622,821	\$ 3,328,884	\$ 3,063,172
	June 30, 2024		
	Current		
	1% Decrease (3.21%)	Discount Rate (4.21%)	1% Increase (5.21%)
University's total OPEB liability	\$ 3,480,562	\$ 3,196,826	\$ 2,940,391

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The following presents the total OPEB liability of the University as of June 30, 2025 and 2024, as well as what the University's total OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

- The health care trend rate is 7.25% and 7.50% at June 30, 2025 and 2024, respectively, decreasing by 0.25% annually to an ultimate rate of 4.50%
- A 1% decrease in health care trend rate would decrease by 0.25% annually to an ultimate rate of 3.50%
- A 1% increase in health care trend rate would decrease by 0.25% annually to an ultimate rate of 5.50%

	June 30, 2025		
	Current		
	1% Decrease	Trend Rate	1% Increase
University's total OPEB liability	\$ 2,956,438	\$ 3,328,884	\$ 3,765,528
	June 30, 2024		
	Current		
	1% Decrease	Trend Rate	1% Increase
University's total OPEB liability	\$ 2,860,579	\$ 3,196,826	\$ 3,589,147

For the years ended June 30, 2025 and 2024, the University recognized OPEB income of \$93,226 and \$56,397, respectively.

At June 30, 2025, the University reported deferred inflows of resources or deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ —	\$ 873,890
Changes of assumptions	91,795	510,304
	\$ 91,795	\$ 1,384,194

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements *(Continued)*

At June 30, 2024, the University reported deferred inflows of resources or deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ —	\$ 1,043,111
Changes of assumptions	128,368	602,940
	\$ 128,368	\$ 1,646,051

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense in the University's future fiscal years as follows:

Year Ending June 30:	Amount
2026	\$ (225,284)
2027	(225,284)
2028	(222,139)
2029	(218,854)
2030	(197,912)
2031 and beyond	(202,926)
	\$ (1,292,399)

14. Contingencies And Risk Management

The University is subject to various legal proceedings and claims which arise in the ordinary course of its operations. In the opinion of the University management, the amount of ultimate liability with respect to these actions will not materially affect the overall financial position of the University.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the University's financial position.

University employees are covered under Worker's Compensation by the State of Missouri. Claims are submitted to the State and paid by the State on behalf of the University. Total claims paid for the University employees for fiscal year 2025 and fiscal year 2024 were \$472,302 and \$634,455, respectively.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

The majority of University employees are also covered by unemployment insurance administered by the State of Missouri Division of Employment Security.

The University is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. The University purchases commercial insurance and also receives coverage through the State of Missouri for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The University has purchased property on occasion that requires monitoring for environmental issues that could result in liability. As of June 30, 2025 and 2024, the University is not aware of any material environmental liability.

Effective January 1, 2020, the University established a self-insured medical program covering substantially all employees. The University's liability has been limited by the purchase of specific (\$250,000 individual deductible limit in calendar year 2025 and 2024) and aggregate (\$1,000,000 deductible in calendar year 2025 and 2024) reinsurance. The University has recorded a liability for expenses incurred but not reported of \$1,223,512 and \$731,694 as of June 30, 2025 and 2024, respectively, which is included in the accrued claims liability on the statement of net position.

The liability reported for claims incurred but not reported are based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information obtained prior to the issuance of the financial statements indicates it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated.

Changes in the balance of the insurance reserve liability during the years ended June 30, 2025 and 2024 were as follows:

Liability, July 1, 2023	\$ 665,052
Current year claims and changes in estimates	7,444,189
Claim payments	<u>7,377,547</u>
Liability, June 30, 2024	<u><u>731,694</u></u>
Current year claims and changes in estimates	10,447,985
Claim payments	<u>9,956,167</u>
Liability, June 30, 2025	<u><u>\$ 1,223,512</u></u>

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

15. Net Position

Restricted - Net position is restricted when constraints placed are either externally imposed, or are imposed by law or enabling legislation. The composition of restricted net position at June 30, 2025 and 2024 was:

	2025	2024
Nonexpendable		
Scholarships	\$ 2,550,179	\$ 2,328,472
Expendable		
Grants and scholarships	1,056,511	967,035
Loans	212,815	212,815
	1,269,326	1,179,850
Total Restricted	\$ 3,819,505	\$ 3,508,322

Unrestricted - Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position at June 30, 2025 and 2024 consists of the following:

	2025	2024
Unrestricted Net Position		
Net pension and OPEB liability at June 30, offset by pension and OPEB-related deferred inflows and outflows, net of amounts included in restricted net position	\$ (121,057,552)	\$ (121,198,188)
All other operations of the University, including auxiliary operations	122,037,123	123,919,084
Total unrestricted net position	\$ 979,571	\$ 2,720,896

16. Leases And Subscription Based Information Technology Arrangements

Lessee

For arrangements where the University is the lessee, a lease liability and a right to use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the University's right to use an underlying asset for the lease term and lease liabilities represent the University's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The University uses the implicit rate in the lease to calculate the present value of the lease payments if available. Otherwise, the University's incremental borrowing rate at the date the agreement is entered into is used. The University includes lease extension and termination options in the lease term if, after considering other economic factors, it is reasonably certain the University will exercise the option. The University does not recognize RTU assets and lease liabilities for leases with terms for 12 months or less.

The University has entered into 161 contracts as lessee for land, building, and equipment. The lease contracts expire at various dates through 2063. The right to use the leased assets are intangible assets and are further disclosed in the capital asset footnote disclosure at Note 6.

During 2025 and 2024, the University had the following activity under contracts where it is the lessee:

	Balance - June 30, 2024	Principal Additions	Principal Payments	Balance - June 30, 2025
Lease payable	\$ 5,771,417	\$ 187,937	\$ (1,214,574)	\$ 4,744,780
	\$ 5,771,417	\$ 187,937	\$ (1,214,574)	4,744,780
Less: Current maturities (due within one year)				918,577
				\$ 3,826,203

SOUTHEAST MISSOURI STATE UNIVERSITYNotes To Financial Statements (*Continued*)

	Balance - June 30, 2023	Principal Additions	Principal Payments	Balance - June 30, 2024
Lease payable	\$ 5,291,869	\$ 1,614,428	\$ (1,134,880)	\$ 5,771,417
	\$ 5,291,869	\$ 1,614,428	\$ (1,134,880)	5,771,417
Less: Current maturities (due within one year)				1,074,379
				<u>\$ 4,697,038</u>

The following represents the future minimum lease payments required under the lease arrangements as of June 30, 2025:

Year	Principal	Interest
2026	\$ 918,577	\$ 97,235
2027	817,075	76,957
2028	761,527	58,858
2029	672,566	43,585
2030	527,200	31,802
2031-2035	995,440	54,478
2036-2040	44,092	2,307
2041-2045	1,248	1,458
2046-2050	1,507	1,190
2051-2055	1,820	867
2056-2060	2,197	477
2061-2065	1,531	65
	<u>\$ 4,744,780</u>	<u>\$ 369,279</u>

Lessor

For arrangements where the University is the lessor, a lease receivable and a deferred inflow of resources is recognized at the commencement of the lease term. The lease receivable is measured at the present value of the lease payments expected to be received during the term. The deferred inflows of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

The University has entered into 12 contracts as lessor for land and buildings. The lease contracts expire at various dates through 2044. The following represents the future minimum lease revenue under the lease arrangements as of June 30, 2025:

Year	Principal	Interest
2026	\$ 138,560	\$ 7,592
2027	129,965	5,046
2028	88,336	3,467
2029	36,745	2,430
2030	24,372	1,607
2031-2035	50,303	3,402
2036-2040	5,118	973
2041-2045	3,508	133
	\$ 476,907	\$ 24,650

SBITAs

The University has entered into subscription-based information technology arrangements (SBITAs) for various multi-year software uses. These subscriptions expire with various dates through fiscal year ending June 30, 2029. The right to use assets are intangible assets and are recorded in capital assets as noted above. During the years ended June 30, 2025 and 2024, the University paid \$1,261,658 and \$1,246,473, respectively, in subscription payments.

During 2025 and 2024, the University had the following activity under SBITA:

	Balance - June 30, 2024	Principal Additions	Principal Payments	Balance - June 30, 2025
Subscription liability	\$ 3,257,083	\$ 404,808	\$ (1,156,915)	\$ 2,504,976
	\$ 1,819,696	\$ 404,808	\$ (1,156,915)	2,504,976
Less: Current maturities (due within one year)				816,065
				\$ 1,688,911

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (Continued)

	Balance - June 30, 2023	Principal Additions	Principal Payments	Balance - June 30, 2024
Subscription liability	\$ 1,819,696	\$ 2,626,379	\$ (1,188,992)	\$ 3,257,083
	\$ 1,819,696	\$ 2,626,379	\$ (1,188,992)	3,257,083
Less: Current maturities (due within one year)				948,657
				\$ 2,308,426

The following represents the future minimum contract payments required under the SBITA arrangements as of June 30, 2025:

Year	Principal	Interest
2026	\$ 816,065	\$ 64,645
2027	656,449	37,746
2028	492,095	18,035
2029	540,367	50
	\$ 2,504,976	\$ 120,476

17. Segment Information

A segment is an identifiable activity reported within a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets and liabilities that are required by an external party to be accounted for separately. The University has one segment that meets the reporting requirements of GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statements No. 21 and No. 34*. As of June 30, 2025 and 2024, the University's outstanding bond debt includes System Facilities Revenue Bonds. System Facilities is composed of the Housing System, the Student Union facility, the Student Recreation and Aquatic Center, and the Parking and Transit System. Revenue derived from the operation of these facilities is pledged for the retirement of the outstanding Series 2016A, Series 2016B, Series 2016C, & Series 2020 bonds and payment of interest thereon semi-annually on April 1 and October 1.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements *(Continued)*

The condensed financial information for the System Facilities Revenue Bond Fund as of June 30, 2025 and 2024 is as follows:

	2025	2024
Current Assets	\$ 9,668,796	\$ 10,806,107
Noncurrent Assets		
Capital assets, net of depreciation	151,062,747	157,111,778
Total Assets	160,731,543	167,917,885
Deferred Outflows Of Resources	2,938,273	3,337,725
Current Liabilities	8,166,944	8,461,317
Noncurrent Liabilities	91,832,595	98,897,636
Total Liabilities	99,999,539	107,358,953
Deferred Inflows Of Resources	—	38,961
Net Position		
Net investment in capital assets	55,860,628	55,055,113
Unrestricted	7,809,649	8,802,583
Total Net Position	\$ 63,670,277	\$ 63,857,696

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)**Condensed Statement Of Revenues, Expenses, And Changes In Net Position**

	2025	2024
Operating Revenue		
Housing contracts, net of scholarship allowance	\$ 17,824,095	\$ 17,317,947
Student recreation center fees	2,057,169	2,048,171
Parking fees and fines	700,756	1,006,447
Food services	177,401	231,053
Other operating revenues	1,274,345	1,281,624
Total Operating Revenue	22,033,766	21,885,242
Operating Expenses		
Personnel service	3,481,202	3,186,996
Contract food service	6,526,297	6,180,446
Utilities and maintenance	1,939,827	1,785,441
Depreciation and amortization	6,730,266	6,627,155
Other operating expenses	2,360,231	3,308,832
Total Operating Expenses	21,037,823	21,088,870
Operating Income	995,943	796,372
Nonoperating Revenue (Expenses)		
Investment income	771,765	770,459
Disposal of plant facilities	(261)	(32,293)
Interest on capital asset related debt	(2,944,370)	(3,142,641)
Contribution revenue from food service vendor	542,829	542,829
Contributions and gifts	446,675	1,500
Emergency COVID-19 governmental assistance	—	504,112
Net Nonoperating Expenses	(1,183,362)	(1,356,034)
Decrease in Net Position Before Other Changes`	(187,419)	(559,662)
Educational Fees Transfer In	—	881,074
Change In Net Position	(187,419)	321,412
Net Position Beginning Of Year	63,857,696	63,536,284
Net Position End Of Year	\$ 63,670,277	\$ 63,857,696

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Condensed Statement Of Cash Flows

	2025	2024
Net cash provided by operating activities	\$ 7,652,001	\$ 7,614,813
Net cash provided by noncapital financing activities	446,675	1,386,686
Net cash used in capital and related financing activities	(10,005,319)	(9,673,146)
Net cash provided by investing activities	771,765	770,459
Net decrease in cash and cash equivalents	(1,134,878)	98,812
Cash and cash equivalents - beginning of year	10,709,725	10,610,913
Cash and cash equivalents - end of year	\$ 9,574,847	\$ 10,709,725

18. Southeast Missouri University Foundation

The following disclosures pertain to the University's discretely presented component unit - the Foundation:

Investments And Investment Return

Investments at June 30, 2025 and 2024 consisted of the following:

	2025	2024
Cash and money market funds	\$ 3,650,882	\$ 5,715,352
Certificates of deposit	317,064	1,734,758
Equities:		
Domestic	28,757,684	25,904,776
Developing international	5,782,483	5,289,796
Mutual funds:		
Domestic equity	38,598,360	34,486,123
Developing international equity	28,279,851	30,241,410
Emerging market equity	8,132,537	6,082,919
International fixed income	11,258,377	7,752,116
Other equity	8,227,510	10,969,918
Corporate bonds	6,330,456	6,125,372
Asset backed securities	271,619	404,464
U.S. Treasury securities	2,767,624	2,260,431
U.S. Government obligations	3,111,848	2,704,546
Municipal securities	812,273	885,322
Alternative strategies	—	276,286
	146,298,568	140,833,589
Less: short-term investments	4,765,414	7,978,459
	\$ 141,533,154	\$ 132,855,130

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements *(Continued)*

Total investment return is comprised of the following as of June 30:

	2025	2024
Interest and dividends, net of fees	\$ 3,571,394	\$ 2,695,807
Unrealized and realized investment gains (losses)	10,629,425	11,230,167
	<u>\$ 14,200,819</u>	<u>\$ 13,925,974</u>

Pledges Receivable

Pledges receivable at June 30 consists of:

	2025	2024
Pledges receivable	\$ 726,626	\$ 700,134
Unamortized discount	(62,262)	(40,606)
Allowance for uncollectible contributions	(72,785)	(75,761)
	<u>\$ 591,579</u>	<u>\$ 583,767</u>

Property And Equipment

Property and equipment at June 30 consists of:

	2025	2024
Land	\$ 7,498,885	\$ 7,620,564
Buildings and improvement	6,715,952	7,055,955
Vehicles and equipment	159,266	159,266
	<u>14,374,103</u>	<u>14,835,785</u>
Less: Accumulated depreciation	4,867,220	4,996,388
	<u>\$ 9,506,883</u>	<u>\$ 9,839,397</u>

Notes Receivable

On December 9, 2013, the Foundation sold the property located at 401 and 505 Washington Avenue to APG Limited, LLC. APG Limited signed a 10-year promissory note with an interest rate of 2.25% for the amount of \$647,000 to the Foundation. APG Limited was required to pay 119 payments of \$3,350 and a final balloon payment of \$362,378. The note fully matured during the year ended June 30, 2024; however, payment in full was not made at the maturity date. The remaining balance due at June 30, 2024 totaled \$343,577. The Foundation received subsequent payment in full for this note receivable on October 15, 2024 and no amounts remained due on this note receivable at June 30, 2025.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements (*Continued*)

Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are available for the following purposes or periods:

	2025	2024
Endowed - perpetual	\$ 83,245,143	\$ 80,944,917
Endowed - accumulated investment earnings - not yet approved for spending	25,335,722	24,698,557
Endowed - spendable	10,994,858	10,484,774
Annuities and property - long-term	4,114,519	3,677,374
Other - spendable	12,653,614	12,907,857
Loans	182,981	180,976
	\$ 136,526,837	\$ 132,894,455

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2025	2024
Scholarships	\$ 3,635,042	\$ 2,281,045
Loans	920	100
Other purpose restrictions accomplished	8,517,763	4,536,131
	\$ 12,153,725	\$ 6,817,276

Annuity And Trust Obligations

The Foundation has been the recipient of several gift annuities and charitable remainder trusts, which require future payments to the contributors or their named beneficiaries. The assets received from the donor are recorded at fair values. The Foundation has recorded a liability of \$914,897 and \$970,755 at June 30, 2025 and 2024, respectively, which represents the present value of the future gift annuity obligations. The liability has been determined using a discount rate of 9.03% and 7.31% at June 30, 2025 and 2024, respectively. Additionally, the Foundation has recorded a liability at June 30, 2025 and 2024, of \$78,757 and \$95,096, respectively, which represents the present value of the future obligations to make distributions to the designated beneficiaries of charitable remainder trusts.

SOUTHEAST MISSOURI STATE UNIVERSITY

Notes To Financial Statements *(Continued)*

Operating Leases

The Foundation leases certain plant assets to the University and other parties. These leases will expire on various dates through fiscal year 2029. Future minimum lease payments at June 30, 2025 were:

Year	Amount
2026	\$ 117,381
2027	74,520
2028	24,164
2029	2,925
2030	2,925
Thereafter	8,775
	<u>\$ 230,690</u>

Required Supplementary Information

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULES OF SELECTED PENSION INFORMATION
MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM
June 30, 2025

Schedule Of University's Proportionate Share Of The Net Pension Liability

	Measurement Date As Of June 30:									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the net pension liability	1.7161%	1.7991%	2.0234%	2.0817%	2.0817%	2.1217%	2.3112%	2.4578%	2.4563%	2.4420%
University's proportionate share of the net pension liability	\$ 139,288,661	\$ 137,323,533	\$ 144,883,819	\$ 112,274,110	\$ 132,137,222	\$ 128,178,153	\$ 128,922,744	\$ 127,976,381	\$ 114,021,149	\$ 78,422,893
University's covered payroll	42,115,558	39,630,445	40,362,131	40,478,238	41,594,888	41,219,232	44,921,805	48,380,403	47,570,877	47,277,247
University's proportionate share of net pension liability as a percentage of its covered payroll	330.73%	346.51%	358.96%	277.37%	317.68%	310.97%	286.99%	264.52%	239.69%	165.88%
Plan fiduciary net position as a percentage of the total pension liability	52.02%	52.86%	53.53%	63.00%	55.48%	56.72%	59.02%	60.41%	63.60%	72.62%

Notes: The above schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Information provided is based on a measurement date and actuarial valuation as of the end of the preceding fiscal year.

Schedule Of University's Contributions

	Fiscal Year End As Of June 30:									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Required contribution	\$ 12,604,520	\$ 11,480,701	\$ 10,434,698	\$ 9,488,129	\$ 9,262,972	\$ 9,051,938	\$ 8,328,691	\$ 8,739,287	\$ 8,209,302	\$ 8,072,759
Contributions in relation to the required contribution	12,604,520	11,480,701	10,434,698	9,488,129	9,262,972	9,051,938	8,328,691	8,739,287	8,208,979	8,072,759
University's covered payroll	43,843,199	42,115,558	39,630,445	40,362,131	40,478,238	41,594,888	41,219,232	44,921,805	48,380,403	47,570,877
Contributions as a percentage of covered payroll	28.75%	27.26%	26.33%	23.51%	22.88%	21.76%	20.21%	16.97%	16.97%	16.97%

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULES OF SELECTED PENSION INFORMATION
MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM
June 30, 2025

Changes Of Benefit Terms Or Assumptions

Changes to assumptions in valuation reports included a change in the discount rate from 7.25% for the measurement date as of June 30, 2018, recorded by the University at June 30, 2019 to 7.10% for the measurement date as of June 30, 2019 recorded by the University at June 30, 2020 and to 6.95% for the measurement date as of June 30, 2020 recorded by the University at June 30, 2021.

Senate Bill 62 (SB62), which contained changes to the benefit structure for MSEP 2011, was passed by the 2017 legislature. The provisions of the bill decreased vesting from ten to five years of service, but also included provisions that essentially offset the cost of the vesting change. As a result, SB 62 had no impact on the employer contribution rate and created a decrease to the UAAL of \$1.6 million.

During the MOSERS plan year ended June 30, 2020, there were changes to reduce the long-term expected rate of return on investments from 7.10% to 6.95%, which increased the total pension liability. During the MOSERS plan year ended June 30, 2019, there were changes to reduce the long-term expected rate of return on investments from 7.25% to 7.10%, which increased the total pension liability. During the MOSERS plan year ended June 30, 2018, there were changes to reduce the long-term expected rate of return on investments from 7.50% to 7.25%, which increased the total pension liability. During the MOSERS plan year ended June 30, 2017, there were changes to reduce the long-term expected rate of return on investments from 7.65% to 7.50%, which increased the total pension liability.

Changes to assumptions for the year ended June 30, 2016, were related to changes in the mortality table, investment returns, and salary increases.

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULES OF SELECTED POSTEMPLOYMENT HEALTHCARE PLAN INFORMATION

June 30, 2025

	As of June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 165,860	\$ 163,367	\$ 200,914	\$ 272,733	\$ 265,840	\$ 258,097	\$ 271,452	\$ 263,545
Interest cost	137,954	130,123	158,842	96,349	153,675	148,277	126,667	123,611
Net benefits paid by employer	(171,756)	(124,603)	(188,534)	(157,914)	(270,172)	(236,736)	(312,318)	(264,832)
Other changes	—	(920,335)	—	(1,026,361)	—	(54,725)	—	—
Net change in total OPEB liability	132,058	(751,448)	171,222	(815,193)	149,343	114,913	85,801	122,324
Total OPEB liability - beginning of year	3,196,826	3,948,274	3,777,052	4,592,245	4,469,921	4,320,578	4,205,665	4,119,864
Total OPEB liability - end of year	\$ 3,328,884	\$ 3,196,826	\$ 3,948,274	\$ 3,777,052	\$ 4,619,264	\$ 4,435,491	\$ 4,291,466	\$ 4,242,188
Covered-employee payroll	\$ 56,102,501	\$ 54,468,447	\$ 55,441,474	\$ 53,826,673	\$ 54,530,104	\$ 52,941,848	\$ 60,235,272	\$ 58,480,847
Total OPEB liability as a percentage of covered-employee payroll	5.93%	5.87%	7.12%	7.02%	8.47%	8.38%	7.12%	7.25%

Notes: The above schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of Assumptions – Discount Rate

June 30, 2025 – 4.21%
 June 30, 2024 – 4.21%
 June 30, 2023 – 4.09%
 June 30, 2022 – 4.09%
 June 30, 2021 – 3.36%
 June 30, 2020 – 3.36%
 June 30, 2019 – 3.10%
 June 30, 2018 – 3.10%